

**ASSEMBLY BILL**

**No. 43**

**Introduced by Assembly Members Daucher and Cohn**

December 2, 2002

---

---

An act to amend Sections 14139.05, 14139.1, 14139.11, 14139.12, 14139.13, 14139.2, 14139.21, 14139.24, 14139.25, 14139.3, 14139.31, 14139.33, 14139.34, 14139.4, 14139.41, 14139.43, 14139.44, 14139.5, 14139.53, 14139.6, and 14139.62 of, to amend the heading of Article 4.3 (commencing with Section 14139.05) of Chapter 7 of Part 3 of Division 9 of, to repeal Sections 14139.22, 14139.23, 14139.35, 14139.36, 14139.38, and 14139.51 of, and to repeal and add Sections 14139.32, 14139.37, and 14139.42 of, the Welfare and Institutions Code, relating to long-term care.

LEGISLATIVE COUNSEL'S DIGEST

AB 43, as introduced, Daucher. Long-Term Care Integration (LTCI) program: establishment.

The Long-Term Care Integration Pilot Program requires the State Department of Health Services to administer a pilot program that will integrate the financing and administration of long-term care services in up to 5 pilot project sites around the state. Existing law establishes specified goals for the pilot program.

This bill would rename the program as the Long-Term Care Integration (LTCI) program, and establish the LTCI program as an ongoing program. This bill would also revise the goals of the program to include, among other things, specified medical services, and to require the department to coordinate the delivery of medical services, preferably through the integration of Medicare and Medi-Cal funding streams.

Existing law requires the department to convene a working group, composed of specified entities or stakeholders, and requires the department to consult with the working group, as specified.

This bill would repeal that provision.

Existing law requires interagency agreements, as specified, between participating departments, which agreements are required to specify various responsibilities for administering the pilot program.

This bill would repeal that provision.

Existing law requires that costs to the General Fund not exceed the amount that would have been expended in the absence of the pilot program.

This bill would provide, instead, that net costs to the Medi-Cal program shall not exceed the amount that would have been expended in the absence of the LTCI program.

Existing law establishes requirements regarding pilot project sites, which may be comprised of a single county, a multicounty unit, or a subcounty unit, and requires each selected site to develop and provide to the department an administrative action plan, to include specified elements.

This bill would revise those site requirements and apply the requirements instead to LTCI program sites, would provide that LTCI program sites may be public entities or private agencies, and would revise the elements required of the administrative action plan.

This bill also would require LTCI program sites either to voluntarily enroll eligible beneficiaries in a defined service area and accept capitation based on a per patient per date rate or to serve all eligible beneficiaries in a defined service area and pool funds, as specified.

Existing law requires that a pilot project site establish a consolidated long-term care services fund, that the administrative action plan for each pilot project site identify the funds to be transferred into the consolidated long-term care services fund, and that the funds include Medi-Cal long-term institutional care, Medi-Cal Personal Care Services Program, and the In-Home Supportive Services program funds, and provides that the funds may include funds from other specified programs. Existing law requires the department to give site selection preference to project sites that include funds from the largest number of programs, as specified.

The bill would, instead, require LTCI program sites that serve all eligible beneficiaries in a defined service area and pool funds to establish a consolidated long-term care services fund, as specified,



would establish requirements for the administration of the fund, and would establish the sources of the moneys in the fund.

Existing law establishes selection criteria for pilot program sites.

This bill would revise the criteria, establish selection preference criteria, and relate them instead to the LTCI program.

Existing law requires that specified services be provided by pilot program sites.

This bill would apply those requirements, instead, to LTCI program sites, would delete certain specified services, and would require that LTCI program sites provide services for the coordination or integration of a full continuum of medical, social, and supportive services for individuals with chronic long-term care needs.

Existing law requires the department to apply for a federal waiver involving Medicare funds, if primary, ancillary, and acute care are not included among the services offered by a pilot project site.

This bill would repeal this provision.

Existing law establishes maintenance of effort requirements applicable to participating counties for each of the programs integrated within the pilot program.

This bill would repeal those provisions.

Existing law requires the long-term services agency to be responsible and at risk for implementing the administrative action plan, and requires the long-term services agency to perform specified administrative functions.

This bill would revise these requirements and would apply these requirements, instead, to an LTCI program site.

Existing law defines eligible beneficiaries for purposes of the program.

This bill would revise that definition and would authorize LTCI program sites to limit enrollment to specific populations of individuals who have chronic long-term care needs.

Existing law requires that services be provided by pilot project sites to all eligible beneficiaries who live in the geographic area served, and to non-Medi-Cal eligible individuals, as specified.

This bill would delete those provisions and require that if an LTCI program elects to enroll individuals on a voluntary basis, the program must serve all individuals who enroll in the program and who meet the description of the target population outlined in the administrative action plan.



Existing law requires the department to set a capitated rate of payment that is based on the number of beneficiaries who are eligible for Medi-Cal benefits to be enrolled in the pilot project, the mix of provided services and programs being integrated, and past Medi-Cal expenditures for services.

This bill would instead apply this requirement to LTCI programs, and would establish certain requirements regarding the development of LTCI rates.

Existing law makes provision for the transfer of funds separately from the capitation payment if the department determines that a program or programs cannot reasonably be capitated.

This bill would repeal that provision.

This bill would make various conforming, technical, and nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The heading of Article 4.3 (commencing with  
2 Section 14139.05) of Chapter 7 of Part 3 of Division 9 of the  
3 Welfare and Institutions Code is amended to read:

4

5 Article 4.3. Long-Term Care Integration ~~Pilot~~ Program

6

7 SEC. 2. Section 14139.05 of the Welfare and Institutions  
8 Code is amended to read:

9 14139.05. The Legislature finds and declares that:

10 (a) Long-term care services in California include an  
11 uncoordinated array of categorical programs offering medical,  
12 social, and other support services that are funded and administered  
13 by a variety of federal, state, and local agencies and are replete with  
14 gaps, duplication, and little or no emphasis on the specific  
15 concerns of individual consumers.

16 (b) Although the need for a coordinated continuum of  
17 long-term care services has long been apparent, numerous  
18 obstacles prevent its development, including inflexible and  
19 inconsistent funding sources, economic incentives that encourage  
20 the placement of consumers in the highest levels of care, lack of  
21 coordination between aging, health, and social service agencies at



1 both state and local levels, and inflexible state and federal  
2 regulations.

3 ~~(c) The office of the Legislative Analyst and others have~~  
4 ~~pointed out that California's systems of service delivery in a~~  
5 ~~number of areas are dysfunctional, due to the fragmentation of~~  
6 ~~responsibility and funding for interrelated services. Principles~~  
7 ~~proposed by the Legislative Analyst to guide the restructuring of~~  
8 ~~these systems include recognizing program linkages, coordinating~~  
9 ~~service delivery mechanisms, removing barriers to innovation,~~  
10 ~~and instilling financial incentives to promote prevention and~~  
11 ~~coordination.~~

12 ~~(d)~~ It is both more efficient and more humane to restructure  
13 long-term care services so that duplicative and confusing  
14 eligibility criteria, assessments, intake forms, and service  
15 limitations will not inhibit consumer satisfaction, impede  
16 improvements in consumer health status, and result in the  
17 ineffective use of resources.

18 ~~(e)~~

19 (d) There is a growing interest in community-directed systems  
20 of funding and organizing the broad array of health, support, and  
21 community living services needed by persons of all ages with  
22 disabilities.

23 ~~(f)~~

24 (e) It is in the interest of those in need of long-term care  
25 services, and the state as a whole, to develop a long-term care  
26 system that provides dignity and maximum independence for the  
27 consumer, creates ~~home—home-based~~ and ~~community-based~~  
28 *community-based* alternatives to unnecessary out-of-home  
29 placement, and is cost effective.

30 SEC. 3. Section 14139.1 of the Welfare and Institutions Code  
31 is amended to read:

32 14139.1. (a) ~~It is the intent of the~~ *The* Legislature to establish  
33 ~~the—hereby establishes a~~ Long-Term Care Integration Pilot  
34 ~~Program—(LTCI) program~~ that will integrate the financing and  
35 administration of *medical, social, and supportive services for*  
36 *individuals with chronic* long-term care services in up to five pilot  
37 ~~project sites in the state needs. Contingent upon a state approved~~  
38 ~~administrative action plan, at least one site shall be in a rural or~~  
39 ~~underserved part of the state.~~

(b) It is ~~further~~ the intent of the Legislature to support, in each ~~pilot project~~ *LTCI program site*, the development of a model integrated service delivery system that meets the needs of all beneficiaries, both those who live in their own homes and those who are in out-of-home placements, in a humane, appropriate, and cost-effective manner.

SEC. 4. Section 14139.11 of the Welfare and Institutions Code is amended to read:

14139.11. The goals of ~~this pilot~~ *the LTCI program* shall be to ~~do all of the following~~:

(a) Provide a continuum of *medical, social, and health services supportive services for individuals with chronic long-term care needs* that will foster independence and self-reliance, maintain individual dignity, and allow consumers of long-term care services to remain an integral part of their family and community ~~life-lives~~.

(b) If out-of-home placement is necessary, to ensure that it is at the appropriate level of care, and to prevent unnecessary utilization of acute care hospitals.

(c) If family caregivers are involved in the long-term care of an individual, to support caregiving arrangements that maximize the family's ongoing relationship with, and care for, that individual.

(d) Deliver long-term care services in the least restrictive environment appropriate for the consumer.

(e) Encourage as much self direction as possible by consumers, given their capability and interest, and involve them and their family members as partners in the development and implementation of ~~the pilot project~~ *each LTCI program site*.

(f) Identify performance outcomes that will be used to evaluate the appropriateness and quality of the services provided, as well as the efficacy and cost effectiveness of each ~~pilot project~~ *LTCI program site*, including, but not limited to, the use of acute and out-of-home care, consumer satisfaction, the health status of consumers, and the degree of independent living maintained among those served.

(g) ~~Test a variety of models intended to serve different geographic areas, with differing populations and service availability.~~

~~(h)~~ Achieve greater efficiencies through consolidated screening and reporting requirements.

~~(i)~~

1 (h) Allow each ~~pilot project~~ *LTCI program* site to use existing  
2 funding sources in a manner that ~~it determines~~ will meet local need  
3 and that is cost-effective.

4 ~~(j)–~~

5 (i) Allow ~~the pilot project sites~~ *each LTCI program site* to  
6 determine other services that may be necessary to meet the needs  
7 of eligible beneficiaries.

8 ~~(k) Identify ways to expand funding options for the pilot~~  
9 ~~program to include medicare and other funding sources.~~

10 (j) *Coordinate the delivery of medical services, preferrably*  
11 *through the integration of Medicare and Medi-Cal funding*  
12 *streams.*

13 SEC. 5. Section 14139.12 of the Welfare and Institutions  
14 Code is amended to read:

15 14139.12. It is the intent of the Legislature that the costs of  
16 ~~this pilot~~ *the LTCI program* to the ~~General Fund will~~ *Medi-Cal*  
17 *program will* not exceed the ~~direct and indirect~~ costs that existing  
18 programs would expect to incur had the integrated services not  
19 been provided through ~~this pilot~~ *the LTCI program*. ~~If the~~  
20 ~~Department of Finance determines, and informs the director in~~  
21 ~~writing, that the implementation of this pilot program will result~~  
22 ~~in any additional costs to the state relative to the provision of~~  
23 ~~long term care services to eligible beneficiaries, the department~~  
24 ~~may terminate the operation of all or any part of this pilot program.~~  
25 ~~The state shall not be held liable for any additional costs incurred~~  
26 ~~by a pilot project site. Any such determination made by the~~  
27 ~~Department of Finance shall be available to any party upon~~  
28 ~~request.~~

29 SEC. 6. Section 14139.13 of the Welfare and Institutions  
30 Code is amended to read:

31 14139.13. (a) Any contract entered into pursuant to this  
32 article may be renewed if the ~~long-term care services agency~~ *LTCI*  
33 *program site* continues to meet the requirements of this article and  
34 the contract. Failure *by the LTCI program site* to meet these  
35 requirements shall be cause for nonrenewal of the contract. The  
36 department may condition renewal *of the contract* on timely  
37 completion of a mutually agreed upon plan of corrections of any  
38 deficiencies.

39 (b) The department may terminate or decline to renew a  
40 contract, in whole or in part, when the director determines that the



1 action is necessary to protect the health of the beneficiaries or the  
2 funds appropriated to the Medi-Cal program. The administrative  
3 hearing requirements of Section 14123 do not apply to the  
4 nonrenewal or termination of a contract under this article.

5 (c) In order to achieve maximum cost savings, the Legislature  
6 hereby determines that an expedited contract process for contracts  
7 under this article is necessary. Therefore, contracts under this  
8 article shall be exempt from Chapter 2 (commencing with Section  
9 10290) of Part 2 of Division 2 of the Public Contract Code.

10 (d) The Director of the Department of Managed Health Care  
11 shall, at the director's request, immediately grant an exemption  
12 from Chapter 2.2 (commencing with Section 1340) of Division 2  
13 of the Health and Safety Code for purposes of carrying out any  
14 contract entered into pursuant to this article.

15 SEC. 7. Section 14139.2 of the Welfare and Institutions Code  
16 is amended to read:

17 14139.2. The department shall serve as the lead agency for the  
18 administration of this ~~chapter~~—*article*. The department's  
19 responsibilities shall include, but are not limited to, *all of the*  
20 *following*:

21 (a) Development of criteria for the selection of ~~pilot-project~~  
22 *LTCI program* sites.

23 (b) Selection of the ~~pilot-project~~—*LTCI program* sites to  
24 participate in the ~~pilot~~—*LTCI* program.

25 (c) Providing, or arranging for, technical assistance to  
26 participating *LTCI program* sites.

27 (d) Development of specific performance outcome measures  
28 by which the *LTCI* program can be evaluated.

29 (e) Development of standards for complying with reporting  
30 requirements specified in state law for the programs ~~integrated~~  
31 ~~within the pilot program~~ implemented pursuant to this article. The  
32 standards developed pursuant to this subdivision shall apply in lieu  
33 of any existing reporting obligations for the programs. The  
34 existing individual reporting requirements for programs  
35 ~~integrated within the pilot program~~—*implemented pursuant to this*  
36 *article* shall be deemed to have been met through the reports  
37 required by this section. Existing requirements for reports to the  
38 Office of Statewide Health Planning and Development shall not be  
39 eliminated.



(f) Seeking all federal waivers necessary for full implementation of the ~~pilot program~~ *LTCI program*.

(g) Setting a payment rate consistent with Section 14139.5.

(h) Approval or disapproval of administrative action plans *described in Section 14139.3*.

SEC. 8. Section 14139.21 of the Welfare and Institutions Code is amended to read:

14139.21. The department may accept funding from federal agencies, foundations, or other nongovernmental sources, and may contract with qualified consultants to assist with the provision of technical assistance, the development of data collection, reporting, and analysis systems, or any other purposes that further the goals of ~~this demonstration~~ *the LTCI program*. The department shall not accept funds from any entity that stands to gain financially from implementation of the ~~pilot~~ *LTCI program*. In contracting with consultants to assist with the ~~pilot~~ *LTCI program*, the department shall specify timelines and delivery dates so as to ensure the continued implementation of the ~~pilot~~ *LTCI program*.

SEC. 9. Section 14139.22 of the Welfare and Institutions Code is repealed.

~~14139.22. (a) The department shall convene a working group that shall include the Director of Health Services, the Director of Social Services, and the Director of Aging, or the program staff from each of those departments who have direct responsibility for the programs listed in subdivision (b) of Section 14139.32, and may include the Director of Mental Health and the Director of Rehabilitation, or program staff from those departments with direct responsibilities for programs that may be included as a service in any pilot project site, and representatives from each pilot project site upon its selection.~~

~~(b) The department shall consult with the working group during the designing of the pilot program, in the selection of the pilot project sites, and in the monitoring of the program under this article, and shall utilize the working group as a resource for problem-solving and a means of maintaining interdepartmental and intersite communication.~~

~~(c) The working group shall strive to ensure that the pilot program under this article makes maximum use of home-based and community-based services, and throughout the continuum of care for each beneficiary, encourages the use of the least restrictive~~

~~environment in which the beneficiary can receive appropriate care.~~

SEC. 10. Section 14139.23 of the Welfare and Institutions Code is repealed.

~~14139.23. Upon the implementation of the pilot program, responsibility for administering the programs integrated within the pilot program shall be transferred to the department, and shall be specified in an interagency agreement between participating departments. Prior requirements for any program integrated within this pilot program shall be deemed to have been met through compliance with the requirements established by this article, by the department for the pilot program by each county's approved plan, and by the approved applicable federal waivers.~~

SEC. 11. Section 14139.24 of the Welfare and Institutions Code is amended to read:

14139.24. The department shall seek all federal waivers necessary to allow for federal financial participation in the ~~pilot~~ *LTCI* program implemented pursuant to this article. ~~This article shall not be implemented unless and until the director has executed a declaration that the approval of all necessary federal waivers has been obtained by the department.~~

SEC. 12. Section 14139.25 of the Welfare and Institutions Code is amended to read:

14139.25. Notwithstanding any other provision of this article, ~~net~~ costs to the ~~General Fund~~ *Medi-Cal program* shall not exceed the amount that would have been expended in the absence of the ~~pilot~~ *LTCI* program.

SEC. 13. Section 14139.3 of the Welfare and Institutions Code is amended to read:

14139.3. (a) ~~Pilot project~~ *LTCI program* sites may be comprised of a single county, a multicounty unit, or a subcounty ~~unit~~ *public agencies or private entities*.

(b) Each selected *LTCI program* site shall ~~do all of the following:~~

~~(1) Establish a consolidated long term care services fund that shall accommodate state and federal fiscal and auditing requirements, shall be used solely for the purposes described in this article, and shall not be used for any county pooled investment fund.~~

1 ~~(2) Identify a local entity, that may be either a governmental~~  
2 ~~entity or a not for profit private agency, to administer the fund.~~  
3 ~~The local entity may be one that already exists, or may be~~  
4 ~~established for the express purpose of administering the fund. This~~  
5 ~~agency shall be designated as the long-term care services agency~~  
6 ~~and shall contract with the department to carry out this article.~~

7 ~~(3) Develop~~ *develop* and provide to the department an  
8 administrative action plan that shall include, but is not limited to,  
9 *all of the following:*

10 ~~(A)–~~

11 *(1) A complete description of the covered scope of services and*  
12 *programs to be* ~~integrated~~ *implemented.*

13 ~~(B)–~~

14 *(2) A complete description of the* ~~proposed long-term care~~  
15 *service delivery system and how it will improve system efficiency*  
16 *and enhance service quality for individuals with chronic long-term*  
17 *care needs. The service delivery system shall include a description*  
18 *of home-based and community-based services that encourage the*  
19 *use of the least restrictive environment in which beneficiaries can*  
20 *receive appropriate care.*

21 ~~(C)–~~

22 *(3) Demonstration of a willingness and commitment by the*  
23 ~~long-term care services agency~~ *LTCI program site* *to work with*  
24 *local community groups, providers, and consumers to obtain their*  
25 *input.*

26 ~~(D)–~~

27 *(4) Proposed measurable performance outcomes that the* ~~pilot~~  
28 *LTCI program site* *is designed to achieve.*

29 ~~(E)–~~

30 *(5) A description of the expected impact on current program*  
31 *services to Medi-Cal eligible beneficiaries* ~~and consumers of~~  
32 ~~non-Medi-Cal services~~ *included in the* ~~integrated system~~ *LTCI*  
33 *program at that site.*

34 ~~(F)–~~

35 *(6) Assurance of minimal disruption to* ~~current recipients of~~  
36 *individual clients with chronic long-term care services needs*  
37 *during the phase-in of the* ~~pilot project~~ *LTCI program at that site.*

38 ~~(G)–~~

(7) Reasonable assurance that services provided will be responsive to the religious, cultural, and language needs of beneficiaries.

~~(H)~~

(8) Assurances that providers who serve the needs of special populations, such as religious and cultural groups or residents of multilevel facilities as defined in paragraph (9) of subdivision (d) of Section 15432 of the Government Code and community care retirement communities as defined in *paragraph (11) of subdivision (a)(c)* of Section 1771 of the Health and Safety Code, will be able to continue to serve those persons when willing to contract under the same terms and conditions as similar providers.

~~(I)~~

(9) Specific alternative concepts, requirements, staffing patterns, or methods for providing services under the ~~pilot project~~ *LTCI program at that site.*

~~(J)~~

(10) A process to assure that Medi-Cal dollars are appropriately expended in accordance with *state and federal requirements that pertain to the LTCI program.*

~~(K)~~

(11) A description of how the ~~pilot project~~ *LTCI program site* will maintain adequate fiscal control and ensure quality of care for beneficiaries.

~~(L)~~

(12) A description of how the ~~pilot project site~~ *LTCI program site* will coordinate, relate to, or integrate with *existing* Medi-Cal managed care plans, local managed care plans, and other organizations ~~which~~ *that* provide services *that are* not part of the ~~pilot project~~ *LTCI program.*

~~(M)~~

(13) A proposed timeline for planning and startup of the ~~pilot project~~ *LTCI program site.*

~~(N) An estimate of costs and savings.~~

~~(O)~~

(14) Demonstration of the financial viability of the plan.

~~(e) The administrative action plan shall reflect a planning process that includes long-term care consumers, their families, and organizations that represent them, organizations that provide long-term care services, and representatives of employees who~~

~~deliver direct long-term care services. The planning process may include, but is not limited to, the members of the local advisory committee required pursuant to Section 14139.31.~~

~~(d) The~~

*(15) A description of the method and timeline used to include covered services through Medicare capitation.*

*(c) The administrative action plan shall describe how and when the LTCI program will cover dual eligibles and intergrate Medicare funding into the program. If necessary, the department shall, in consultation with other programs, apply to the federal Centers for Medicare and Medicaid Services for a waiver that allows the LTCI program site to include Medicare funds.*

*(d) If an LTCI program site is operated, or is to be operated, by a public agency, the administrative action plan shall receive the approval of the county board of supervisors before it is submitted to the department for final state approval. The board of supervisors shall present evidence of the commitment to the administrative action plan of all publicly funded agencies that currently serve consumers who will be eligible under the ~~pilot project~~, LTCI program and all publicly ~~and nonpublicly~~ funded agencies that will be responsible for providing services under the ~~pilot project~~ LTCI program. This evidence may include resolutions adopted by agency governing bodies, memoranda of understanding, or other agreements pertinent to the implementation of the plan.*

*(e) If an LTCI program site operated, or to be operated, by a private entity wishes to locate in a county that has an active LTCI planning or development grant subject to Section 14145.1 authorizing grants, the private agency shall receive the approval of the county board of supervisors prior to submitting its application to the department for final state approval.*

*(f) If an LTCI program operated, or to be operated, by a private entity wishes to locate in a county that has, prior to January 1, 2004, submitted a written proposal to the department for a waiver application specifically for that county, the private agency shall receive the approval of the county board of supervisors prior to submitting its application to the department for final state approval.*

SEC. 14. Section 14139.31 of the Welfare and Institutions Code is amended to read:

1 14139.31. (a) In order to be selected, ~~a pilot project~~ *an LTCI*  
2 *program* site shall demonstrate that it ~~has~~ *will have*, prior to  
3 *program implementation*, an active advisory committee that  
4 includes consumers of long-term care services, representatives of  
5 local organizations of persons with disabilities, seniors,  
6 representatives of local senior organizations, representatives of  
7 employees who deliver direct long-term care services, and  
8 representatives of organizations that provide long-term care  
9 services. At least one-half of the members of the advisory  
10 committee must be consumers of services provided under this  
11 ~~chapter article~~, or their representatives.

12 (b) *The department shall give selection preference to LTCI*  
13 *program sites that include primary, ancillary, and acute care,*  
14 *provided that their administrative action plan meets the*  
15 *requirements specified in Section 14139.33.*

16 SEC. 15. Section 14139.32 of the Welfare and Institutions  
17 Code is repealed.

18 ~~14139.32. (a) The administrative action plan shall identify~~  
19 ~~the funds to be transferred into the consolidated long-term care~~  
20 ~~services fund.~~

21 ~~(b) The funds shall include Medi-Cal long-term institutional~~  
22 ~~care, the Medi-Cal Personal Care Services Program, and the~~  
23 ~~In-Home Supportive Services Program and may include funds~~  
24 ~~from the following programs and services:~~

25 ~~(1) Multipurpose Seniors Services Program.~~

26 ~~(2) Alzheimer's Day Care Resources Centers Program.~~

27 ~~(3) Linkages Program.~~

28 ~~(4) Respite Program.~~

29 ~~(5) Adult Day Health Care Program.~~

30 ~~(6) Medi-Cal home health agency services.~~

31 ~~(7) Medi-Cal home-based and community-based waiver~~  
32 ~~programs.~~

33 ~~(8) Medi-Cal hospice services.~~

34 ~~(9) Medi-Cal acute care hospital services.~~

35 ~~(10) Other Medi-Cal services, including, but not limited to,~~  
36 ~~primary, ancillary, and acute care.~~

37 ~~(c) Optional program funds enumerated in subdivision (b) of~~  
38 ~~Section 14139.32 shall be included in the long-term care services~~  
39 ~~fund in any case where a program was funded prior to its~~  
40 ~~integration into the pilot project.~~

~~(d) In determining which project sites to select for participation in the pilot program, the department shall give preference to those sites that include funds from the largest number of programs existing within the project site at the time the site applies for selection, provided the administrative action plan meets all other selection criteria. With the exception of up to one rural county, preference shall be given to project sites that include primary, ancillary, and acute care in the consolidated fund, provided their administrative action plan meets all other selection criteria.~~

SEC. 16. Section 14139.32 is added to the Welfare and Institutions Code, to read:

14139.32. LTCI program sites may choose to do either of the following:

(a) Voluntarily enroll eligible beneficiaries in a defined service area and accept capitation based on a per-patient-per-day rate.

(b) Serve all eligible beneficiaries in a defined service area and pool funds as described in Section 14139.37.

SEC. 17. Section 14139.33 of the Welfare and Institutions Code is amended to read:

14139.33. The administrative action plan shall delineate the services to be provided to all eligible beneficiaries. At a minimum, services to be provided *by each LTCI program site* shall include all of the following:

(a) Care or case management, including assessment, development of a service plan in conjunction with the consumer and other appropriate parties, authorization and arrangement for purchase of services or linkages with other appropriate entities, service coordination activities, and followup to determine whether the services received were appropriate and consistent with the service plan. Service coordination activities shall ensure that the records of each beneficiary are maintained in a consistent and complete manner and are accessible to the beneficiary or his or her family; and *to* providers involved in his or her care. This shall be the case whether a beneficiary resides in his or her own home or in a licensed facility.

(b) Education of beneficiaries, their families, and others in their informal support network, including independent living skills training to maximize the independence of the beneficiary.

~~(c) In-home services.~~

~~(d) Adult day services.~~



1 ~~(e) Institutional long-term care.~~

2 ~~(f) Hospice services.~~

3 ~~(g) Linkages to acute care services and primary care services,~~  
4 ~~if they are not included in the integrated plan. Coordination or~~  
5 ~~integration of a full continuum of medical, social, and supportive~~  
6 ~~services for individuals with chronic long-term care needs.~~

7 SEC. 18. Section 14139.34 of the Welfare and Institutions  
8 Code is amended to read:

9 14139.34. The administrative action plan may also include  
10 any of the following services:

11 (a) Transportation.

12 (b) Home modification.

13 ~~(c) Medical services, including, but not limited to, primary,~~  
14 ~~ancillary, and acute care.~~

15 ~~(d) Housing and residential services.~~

16 ~~(e)–~~

17 ~~(d) Other services determined by the pilot project LTCI~~  
18 ~~program site to be necessary to meet the needs of eligible~~  
19 ~~beneficiaries.~~

20 SEC. 19. Section 14139.35 of the Welfare and Institutions  
21 Code is repealed.

22 ~~14139.35. The department may exempt a pilot project site~~  
23 ~~from the requirements of subdivisions (d) and (f) of Section~~  
24 ~~14139.33 if both the following conditions are met:~~

25 ~~(a) State funds were not being used in the geographic area~~  
26 ~~covered by the pilot projects to provide those services at the time~~  
27 ~~of application to the pilot program.~~

28 ~~(b) The pilot project site can demonstrate to the department~~  
29 ~~how it plans to develop these services, and within what timeframe,~~  
30 ~~during the pilot program.~~

31 SEC. 20. Section 14139.36 of the Welfare and Institutions  
32 Code is repealed.

33 ~~14139.36. (a) If primary, ancillary, and acute care are not~~  
34 ~~included among the services offered by a pilot project site, the~~  
35 ~~administrative action plan shall include all of the following:~~

36 ~~(1) A mechanism for tracking the usage of these services by~~  
37 ~~beneficiaries of the plan.~~

38 ~~(2) Provisions for the future inclusion of those services in the~~  
39 ~~integrated plan, including the process and timeline by which they~~  
40 ~~will be integrated.~~

~~(b) The department shall, in consultation with the pilot project sites, apply to the federal health care financing administration for a waiver that allows the pilot projects to include medicare funds in the long term care services fund. Upon receipt of the waiver, within a time period to be designated by the department specific to each site, each pilot project site shall assume responsibility for primary, ancillary, and acute care services.~~

SEC. 21. Section 14139.37 of the Welfare and Institutions Code is repealed.

~~14139.37. The administrative action plan shall delineate specifically how the pooled funds will be used to deliver services to all eligible recipients in the geographic area covered by the pilot project site.~~

SEC. 22. Section 14139.37 is added to the Welfare and Institutions Code, to read:

14139.37. (a) LTCI program sites that serve all eligible beneficiaries in a defined service area and pool funds shall establish a consolidated long-term care services fund that shall accommodate state and federal fiscal and auditing requirements, shall be used solely for the purposes described in this article, and shall not be used for any county pooled investment fund. The administrative action plan shall identify the funds to be transferred into a consolidated long-term care services fund and shall delineate specifically how the pooled funds will be used to deliver services to all eligible recipients in the geographic area covered by the LTCI program site.

(b) Public agencies that operate LTCI program sites may identify a local entity that may be either a governmental entity or a not-for-profit agency to administer the fund. The local entity may be one that already exists, or may be established for the express purpose of administering the fund. A public agency operating an LTCI program shall be designated as an LTCI program site and shall contract with the department to carry out this article.

(c) The funds may include funds from any of the following:

(1) Medi-Cal funding for nursing facility reimbursement for long-term institutional care.

(2) Medi-Cal Personal Care Services Program.

(3) In-Home Supportive Services program.

(4) Multipurpose Seniors Services Program.

(5) Alzheimer's Day Care Resources Centers Program.

1 (6) Linkages Program.

2 (7) Respite Program.

3 (8) Adult Day Health Care Program.

4 (9) Medi-Cal home health agency services.

5 (10) Medi-Cal home-based and community-based waiver  
6 programs.

7 (11) Medi-Cal hospice services.

8 (12) Medi-Cal acute care hospital services.

9 (13) Other Medi-Cal services, including, but not limited to,  
10 primary, ancillary, and acute care.

11 SEC. 23. Section 14139.38 of the Welfare and Institutions  
12 Code is repealed.

13 ~~14139.38. Participating counties shall continue their financial~~  
14 ~~maintenance of effort for each of the programs integrated within~~  
15 ~~the pilot program under this article. The amount of a county's~~  
16 ~~maintenance of effort shall be the same as if the program were not~~  
17 ~~integrated within the pilot program pursuant to this article, and~~  
18 ~~funds equal to this amount shall be deposited in the local~~  
19 ~~consolidated long-term care services fund.~~

20 SEC. 24. Section 14139.4 of the Welfare and Institutions  
21 Code is amended to read:

22 14139.4. (a) The ~~long-term care services agency~~ *LTCI*  
23 *program site* shall be responsible and at risk for implementing the  
24 administrative action plan. The ~~long-term care services agency~~  
25 *LTCI program site* shall do all of the following:

26 (1) Respond, or provide for response to, consumer needs on a  
27 24-hour, seven-day-a-week basis.

28 (2) Conduct comprehensive assessments.

29 (3) Determine eligibility for long-term care services based on  
30 the assessment information.

31 (4) Provide for contractual arrangements for the provision of,  
32 and payment for, sufficient services to meet the *needs, including*  
33 *the* long-term care needs, of the eligible beneficiary in his or her  
34 home, community, residential facility, nursing facility, or other  
35 location ~~based on the mix of programs or services included in the~~  
36 ~~administrative action plan.~~

37 (5) ~~Provide linkages to acute care hospitals for coordination of~~  
38 ~~care across all levels of care.~~

39 (6) Maintain control over utilization of services that are  
40 authorized.

1 (7) Monitor the quality of care provided to consumers.

2 (8) Maintain a consumer grievance process.

3 (9) Manage the overall cost-effectiveness of the ~~pilot project~~  
4 *LTCI program site* for its duration.

5 (b) Services may be provided through contracts with  
6 community-based providers. In instances ~~where~~ *in which* a  
7 specific service does not exist in the community, the ~~long-term~~  
8 ~~care services agency~~ *LTCI program site* may facilitate the  
9 development of local programs that provide these services, or *it*  
10 may provide the services directly; if doing so can be demonstrated  
11 to be cost effective.

12 SEC. 25. Section 14139.41 of the Welfare and Institutions  
13 Code is amended to read:

14 14139.41. (a) For purposes of this ~~chapter~~ *article*, “eligible  
15 beneficiaries” shall be defined as persons meeting ~~all~~ *both of* the  
16 following criteria:

17 (1) Are Medi-Cal eligible *and aged, blind, and disabled*.

18 (2) ~~Are functionally or cognitively impaired. For purposes of~~  
19 ~~this paragraph “cognitively impaired” means having an~~  
20 ~~impairment caused by organic brain disorder or disease.~~

21 (3) ~~Are adults.~~

22 (4) ~~Need assistance with two or more activities of daily living~~  
23 ~~or are unable to remain living independently without the long-term~~  
24 ~~care services provided through the pilot program operated~~  
25 ~~pursuant to this article.~~

26 (b) ~~To the extent eligible beneficiaries also receive services~~  
27 ~~from a regional center that serves a pilot project site, the pilot~~  
28 ~~project shall delineate in its administrative action plan how~~  
29 ~~services will be coordinated by the two agencies.~~

30 (b) *LTCI program sites may limit enrollment to specific*  
31 *populations of individuals who have chronic long-term care needs.*  
32 *The administrative action plan shall describe the target*  
33 *population to be served.*

34 SEC. 26. Section 14139.42 of the Welfare and Institutions  
35 Code is repealed.

36 14139.42. (a) ~~Each pilot project site shall serve all eligible~~  
37 ~~beneficiaries who live in the geographic area served by the~~  
38 ~~long-term care services agency. In order to eliminate duplicative~~  
39 ~~administrative costs and to achieve a more efficient delivery~~  
40 ~~system, pilot project sites shall also serve non-Medi-Cal eligible~~

1 individuals who, but for the implementation of the pilot project,  
2 would have received services from programs whose funds are  
3 included in the consolidated long-term care services fund.

4 (b) Funding sources allocated for persons who are not eligible  
5 for Medi-Cal benefits may be integrated into the consolidated  
6 long-term care services fund. To the extent those funds are spent  
7 on services for persons who are not eligible for Medi-Cal benefits,  
8 they shall be segregated from capitated funds for Medi-Cal  
9 beneficiaries. No funds derived from the capitated Medi-Cal rate  
10 may be used for persons who are not eligible for Medi-Cal.

11 SEC. 27. Section 14139.42 is added to the Welfare and  
12 Institutions Code, to read:

13 14139.42. (a) If an LTCI program site elects to enroll  
14 individuals on a voluntary basis, the program must serve all  
15 individuals who enroll in the program who meet the description of  
16 the target population outlined in the administrative action plan.

17 (b) LTCI program site marketing efforts shall be consistent  
18 with procedures determined by the department.

19 SEC. 28. Section 14139.43 of the Welfare and Institutions  
20 Code is amended to read:

21 14139.43. This article shall not preclude ~~a long-term care~~  
22 ~~services agency~~ *an LTCI program site* from entering into  
23 additional agreements, separate from the ~~pilot project LTCI~~  
24 *program*, to serve additional individuals or populations.

25 SEC. 29. Section 14139.44 of the Welfare and Institutions  
26 Code is amended to read:

27 14139.44. ~~Pilot project LTCI program~~ sites shall ensure  
28 provider reimbursement rates that are adequate to maintain  
29 compliance with applicable federal and state requirements.

30 SEC. 30. Section 14139.5 of the Welfare and Institutions  
31 Code is amended to read:

32 14139.5. (a) The department shall set a capitated rate of  
33 payment that is actuarially sound and that is based on the number  
34 of beneficiaries who are eligible for Medi-Cal benefits to be  
35 enrolled in the ~~pilot project LTCI program~~, the mix of provided  
36 services and programs being ~~integrated~~ *implemented*, and past  
37 Medi-Cal expenditures for services. The rate shall reflect, and the  
38 contract shall delineate, the rate at which the ~~local long-term care~~  
39 ~~services agency~~ *the LTCI program site* shall assume the total risk  
40 and the mechanisms that shall be used, which may include, but are

1 not limited to, risk corridors, reinsurance, or alternative methods  
2 of risk assumption.

3 (b) *The rates for the LTCI program sites shall be developed*  
4 *separately from, and in addition to, other Medi-Cal managed care*  
5 *programs operated by counties, and shall be exclusive of, and*  
6 *separate from, the contracting process conducted by the*  
7 *California Medical Assistance Commission.*

8 (c) *Rates for the LTCI program may be developed in relation to*  
9 *the health care cost experience of a defined geographic region.*

10 SEC. 31. Section 14139.51 of the Welfare and Institutions  
11 Code is repealed.

12 ~~14139.51. If the department determines that a program or~~  
13 ~~programs cannot reasonably be capitated, funds may be~~  
14 ~~transferred separately from the capitation payment. The amount of~~  
15 ~~those noneapitated funds shall be based on amounts that would~~  
16 ~~have been expended by the state for those programs in the absence~~  
17 ~~of the pilot program implemented under this article.~~

18 ~~It is the intent of the Legislature that, if any local pilot project~~  
19 ~~experiences net savings, those savings shall be used for project~~  
20 ~~expansion and improvement, or to build the required tangible net~~  
21 ~~equity, or if there is no need for expansion or improvement or to~~  
22 ~~build tangible net equity, may be shared by the long-term care~~  
23 ~~services agency and the state.~~

24 SEC. 32. Section 14139.53 of the Welfare and Institutions  
25 Code is amended to read:

26 14139.53. (a) The department shall develop criteria to ensure  
27 ~~that pilot project~~ *LTCI program* sites maintain fiscal solvency,  
28 including, but not limited to, the following:

29 (1) The capability to achieve and maintain sufficient fiscal  
30 tangible net equity within a timeframe to be specified by the  
31 department for each ~~pilot project~~ *LTCI program* site.

32 (2) The capability to maintain prompt and timely provider  
33 payments.

34 (3) A management information system that is approved by the  
35 department and is capable of meeting the requirements of the ~~pilot~~  
36 *LTCI* program.

37 (b) Any ~~pilot project~~ *LTCI program* site established under this  
38 article shall immediately notify the department in writing of any  
39 fact or facts that are likely to result in the ~~pilot project or the~~  
40 ~~long-term care services agency~~ *LTCI program* site being unable to

1 meet its financial obligations. The written notice shall describe the  
2 fact or facts, the anticipated financial consequences, and the  
3 actions that will be taken to address the anticipated consequences,  
4 and shall be made available upon request unless otherwise  
5 prohibited by law.

6 SEC. 33. Section 14139.6 of the Welfare and Institutions  
7 Code is amended to read:

8 14139.6. ~~(a) It is the intent of the Legislature that local~~  
9 ~~entities that are potential participants in this pilot program shall be~~  
10 ~~assured of sufficient time to plan their pilot projects, and that the~~  
11 ~~selected pilot project sites shall be assured of sufficient time to~~  
12 ~~phase in the implementation of their programs. To that end, it is the~~  
13 ~~intent of the Legislature that the department, in consultation with~~  
14 ~~potential pilot project sites and the pilot program working group,~~  
15 ~~shall develop a realistic timeline with guidelines for the planning~~  
16 ~~and implementation of pilot projects.~~

17 ~~(b) Nothing in this chapter shall prohibit the department, in~~  
18 ~~consultation with the pilot program working group, from~~  
19 ~~establishing a two-stage selection process in which local pilot~~  
20 ~~project LTCI program sites may be selected on a preliminary basis.~~  
21 ~~Final selection of local pilot project LTCI program sites shall be~~  
22 ~~based on the completion of an administrative action plan that the~~  
23 ~~department determines satisfactorily meets the selection criteria.~~

24 SEC. 34. Section 14139.62 of the Welfare and Institutions  
25 Code is amended to read:

26 14139.62. Contingent on the availability of funding, the  
27 department shall evaluate the effectiveness of each ~~pilot project~~  
28 *LTCI program site* on a schedule that coincides with federal waiver  
29 reporting requirements, and shall make this information available  
30 upon request. The department's evaluation shall include, but not  
31 be limited to, *all of* the following:

32 (a) Whether or not the ~~pilot project LTCI program site~~ has  
33 reduced the fragmentation *of*, and improved the coordination of,  
34 the long-term care delivery system in the ~~pilot project LTCI~~  
35 *program site* area.

36 (b) Whether or not the long-term care delivery system is more  
37 efficient and makes better use of available resources.



- 1 (c) Whether or not the goals identified in Section 14139.11
- 2 have been met.

O

